



000012363 04/06/07 34.850.00 ✓

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

KAISER PERMANENTE HEALTH
ALTERNATIVES and
KAISER FOUNDATION HEALTH
PLAN OF THE NORTHWEST,

Authorized Health Care Service
Contractors

)
) ORDER NO. D07-100
)
) CONSENT AND ORDER
) LEVYING A FINE
)
)
)
)

FINDINGS OF FACT

1. Kaiser Permanente Health Alternatives ("KPHA" or "the Company") is authorized to conduct business in the state of Washington as a Health Care Service Contractor ("HCSC").
2. In November, 2005, OIC received large and small group dental filings from KPHA. OIC disapproved the large group dental filings as noncompliant. After conducting a preliminary review of the small group filing, OIC notified KPHA that this filing had similar issues to the disapproved large group filing. The Company requested to withdraw the small group filing.
3. However, KPHA subsequently informed OIC that it had already begun selling the small group policies. They could not therefore be withdrawn. OIC placed the filings in active suspense on KPHA's assurance that corrected small group dental filings would be submitted by January 13, 2006.
4. KPHA did not follow through with this agreement. In fact, it did not file the small group plans until six months later, on June 22, 2006, even though in a meeting with the OIC in March, Kaiser had assured the OIC that it would file the plans by March 17, 2006.
5. 215 small dental groups were affected.

CONCLUSIONS OF LAW

1. By selling small group dental plans that had not been filed with OIC, KPHA violated RCW 48.44.040 and WAC 284-43-920.

2. A fine for these violations is authorized under RCW 48.44.166 in an amount not less than two hundred fifty dollars or more than ten thousand dollars.

CONSENT TO ORDER

NOW, THEREFORE, KPHA consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the company's payment of a fine on such terms and conditions as are set forth below:

1. KPHA consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
2. Within thirty days of the entry of this Order, KPHA agrees to pay to the OIC a total fine in the amount of \$36,850 (Thirty-Six-Thousand Eight-Hundred and Fifty Dollars);
3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of KPHA's certificate of authority; and
4. KPHA understands and agrees that any future failure to comply with the statutes which are the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this 27th day of March, 2007.

KAISER PERMANENTE HEALTH ALTERNATIVES

By: 

Title: Regional President

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. A fine in the amount of Thirty-Six-Thousand Eight-Hundred and Fifty Dollars(\$36,850) must be paid in full within thirty days of the date of entry of this order.
2. Failure to pay this fine and to adhere to the conditions shall constitute grounds for revocation of KPHA's Certificate of Authority, and in the

recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

EXECUTED this 10th day of April, 2007.

Mike Kreidler
Washington State Insurance Commissioner

By: Andrea L. Philhower
Andrea L. Philhower
Staff Attorney, Legal Affairs Division